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## APPENDIX "B"

### DISCUSSION

1. As used herein, "clandestine" will refer to those offensive and defensive secret intelligence operations, the detection of which will embarrass the operators.

2. During the war, the collection of foreign intelligence information necessary to the prosecution of the war, by clandestine methods, was engaged in by a number of agencies including G-2, WDGS, ONI, FBI, and OSS, supplemented by the activities of certain personnel of the Department of State. Since the termination of formal hostilities, certain of the agencies operating during the war in the clandestine field have curtailed or terminated their activities.

3. The need for foreign intelligence information which can be collected only by clandestine methods is an integral and essential part of the continuing need for complete foreign intelligence to insure the national security.

4. In the course of the survey, the following categories of personnel have been interviewed and, in some cases, have submitted written reports and comments:-

- a. State Department officials having knowledge of the work and requirements in this field;
- b. Representatives of G-2 concerned in clandestine methods for collecting foreign intelligence information:
- c. Representatives of ONI concerned in this type of work;
- d. Representatives of FBI with complete knowledge of their operations in this field in the areas and centers assigned to them by Presidential Orders;
- e. Officials of SSU (formerly OSS) and field personnel of that organization who happened to be in Washington.

5. The Department of State, in its visa control, has continuing need for information on foreign individuals desiring to enter the United States and on individuals residing abroad who claim right to American passports. The Department of State, in performing its mission to determine the policy of the government in relation to international problems, has continuing need for foreign intelligence information,

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particularly in political, economic and financial fields. However, as a matter of policy, the Department of State prefers not to engage in the collection of foreign intelligence information by clandestine methods. The Department of State, in order to perform its departmental intelligence mission, therefore requires assistance from other agencies.

6. a. The War Department has a continuing need for foreign military intelligence information in order that the Secretary, and in turn the President, shall have accurate and current military intelligence on all other countries, any one or more of which may at any time become a threat to the national security. Some of the information required in some countries and much of it in others, cannot be obtained by overt methods. To supply this deficiency in wartime, the Military Intelligence Division developed facilities for collecting essential information by clandestine methods. In the continuing emergency, these facilities are still in operation and are being currently expanded in certain areas. Provision for these facilities and their operation has been made in budget estimates for fiscal year 1947.

b. The War Department also possesses and operates, under the direction of the Director of Central Intelligence, certain facilities formerly under OSS and later SSU. NIA Directives No. 3 and No. 4 provide for the liquidation of these facilities by the end of fiscal year 1947. Such liquidation, however, can be accomplished in whole or in part by the transfer to other agencies, or to the Central Intelligence Group, of such facilities as shall be necessary to them in performing their parts of the national intelligence mission. So far as available information indicates, the operation of certain facilities formerly under OSS and later SSU, is necessary to the performance of the national intelligence mission. The G-2, USFET and the Military Government in occupied territories in Europe characterize these facilities as "necessary" to them and would desire their integration in USFET if no other use for them were to be determined. The Foreign Activities Correlation Division of the Department of State, speaking specifically of the X-2 activity of SSU, states that, "The X-2 type of work should not be cast aside hastily and forgotten. The wartime

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unit can will boast of some valuable talent and certain communication facilities that should be capitalized upon during peace by an organization of a permanent character."

7. During the war, the Navy Department developed and operated clandestine facilities which were essential parts of the mechanism for collecting foreign intelligence information. Currently, owing to drastically curtailed funds, the Navy Department does not maintain facilities for collecting essential naval intelligence information on foreign countries by clandestine methods. The need for such information exists, however - witness the TOP SECRET "Current Intelligence Requirements," dated 15 April 1946, from the Chief of Naval Intelligence, copy of which is on file in C.I.G. Substantial portions of these "Current Intelligence Requirements" could not be met by the overt means currently available to the Chief of Naval Intelligence. The Navy Department possesses the capability of operating by clandestine methods insofar as available competent personnel is concerned. It does not possess that capability insofar as essential financial support is concerned. The Navy Department at present requires assistance from some other agency to meet the need which its own available facilities do not meet.

8. During the War, by Order of the President, the Federal Bureau of Investigation collected political, economic, financial, industrial and counterintelligence information by clandestine methods in Central and South America and the Caribbean. The FBI also stationed personnel in several European centers in order to cover certain activities directed against the security of the United States from those centers. Certain security operations of the FBI outside the United States are a necessary part of its mission pertaining to the internal security of the Nation, since much foreign activity intended to be detrimental to the United States is directed from outside the United States. The operation of the FBI in the political, economic, financial and industrial fields, outside the United States - while authorized in wartime by Presidential Order and continued currently by Congressional appropriation - is apparently without legal authority in peacetime and might not be sustained if competently challenged.

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9. To summarize:

a. State Department has the continuing need for certain foreign intelligence information which can be collected only by clandestine methods, but has not developed means for performing such collection in peacetime.

b. Navy Department has the continuing need for foreign intelligence information which can be collected only by clandestine methods, but currently does not possess adequate funds to permit such collection activity.

c. War Department has the continuing need for foreign intelligence information which can be collected only by clandestine methods, and possesses the means for meeting that need, including certain SSU facilities presently under the direction of the Director of Central Intelligence.

d. FBI has the continuing need for certain types of foreign intelligence information which can be collected only by clandestine methods, and possesses the potential means for meeting that need. However, FBI is legally restricted in the scope of its operations.

10. To insure that each of the agencies subject to NIA coordination has its needs in the field of clandestine intelligence information collection properly met, four courses of action appear to be open to consideration, as follows:-

a. Each Department to operate its own Service to carry out its own departmental intelligence mission, all to be subject to central coordination.

b. A single Department to operate a Service for the benefit of other Departments as well as for itself; this to be subject to central direction so as to insure that each Department receives full benefit of such service.

c. A central Service to be established and operated by the Director of Central Intelligence, such central Service to replace the departmental services.

d. A central Service to be established and operated by the Director of Central Intelligence, in addition to and coordinated with such departmental services as the Departments may require to discharge their own responsibilities.

11. Analyzing the foregoing courses of action it would appear that:

a. Each Department now operates its own clandestine intelligence information collection service to the extent permitted by the facilities available to it for

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such service. Maintenance of the status quo would avoid interruption of existing services and would maintain the essential departmental responsibility for providing departmental intelligence. Distribution of this responsibility favors security, both as regards operating personnel and as regards secret funds. It also insures that technical specialists are available to the departmental service having a specific need. If the operation of the several clandestine collection services were coordinated centrally, the inadequacies caused by varying and at times insufficient departmental facilities, might be compensated. On the other hand, the problem of coordination will be difficult and there may be duplications and inefficiency incident thereto.

b. Operation by a single Department for the mutual benefit of all would not be entirely satisfactory, for a certain degree of departmental bias would be inevitable, even under central direction; the organization would be necessarily of such size that the security of the numerous personnel required under one head would be difficult to insure and maintain; positive control by a central agency would be difficult to effect in practice, however attractive it might appear to be in theory.

c. A central clandestine collection service, intended to replace the several departmental services, might not replace them actually, as testimony brought out in the hearings showed that, even with such a central service, any departmental intelligence agency might consider it necessary to continue its own secret service. If departmental agencies were eliminated, a departmental head would not have any single agency of his own which he could hold exclusively responsible for providing departmental intelligence information. A central service would be less responsive to the detailed needs of individuals at the working level within Departments.

d. A central clandestine collection service, performing those tasks which can be accomplished most efficiently centrally, in addition to the several departmental services and coordinated with them, would provide a simple, efficient means of meeting the needs of all. Centrally coordinated, such a system has the advantages of singleness of purpose, unity of control, and possible economy of effort in operations in the field.

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12. From the foregoing analysis, the course of action outlined in 10 d is favored: to wit, the establishment of a central clandestine intelligence information collection service, to be operated by the Director of Central Intelligence for the benefit of the agencies subject to NIA coordination, as a service of common concern, in addition to and coordinated with such services as the Departments deem necessary to accomplish their missions.

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**SECRET** (When Filled In)

AREA OR COUNTRY(S)	ORGANIZATION	FUNCTIONS & TOPICS	PERSONALITIES	DOCUMENT
HQ	NIA FBI	Intell Collection		DATE: 18 June 1946
	CIG	Policy		CLASS.: TS NO.: no Number LOCATION: HS/CSG-1804 ✓
	IAB	Liaison (interagency)		
	SSU OSS	Intell Coordination		
	G-2 War	Counter Intell		
	State			

IDENTIFICATION OF DOCUMENT (author, form, addressee, title & length)

Draft NIA Directive re Provision for the Collection of Foreign Intelligence Information by Clandestine Methods; 11pp. (Includes Report by DCI and Discussion)

**ABSTRACT**

DCI cited paragraph 3 b and c of the President's letter of 22 January 1946 which assigned CIG common concern functions. This draft directive would assign to CIG responsibility for a central clandestine intelligence information collection service (exclusive of electric communications intercepts) to be operated for the common concern. This would be in addition to operations of other agencies necessary in the discharge of these responsibilities. The DCI would coordinate all foreign intelligence collection; the FBI could limit its activity to internal security of the nation.

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